



a “groundhog day” report . . .

Richard A. Gephardt, House Democratic Leader

THE
YEAR
IN
REVIEW
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After Five Years,
Will the GOP Continue
Casting the Shadow
of Their Extremist and
Special-Interest Agenda?

FEBRUARY 2, 2000

A “GROUNDHOG DAY” REPORT

After Five Years, Will GOP Continue Casting The Shadow of Their Extremist, Special-Interest Agenda?

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SECTION I. INTRODUCTION: A “GROUNDHOG DAY” REPORT

Like the character played by Bill Murray in the 1993 hit movie “Groundhog Day,” the country has been reliving and reliving the same bad day for the last five years – as the GOP-controlled Congress has continuously pursued an extremist, special-interest agenda instead of working to meet the concerns of ordinary working families.

The GOP Congress – which came into power in January 1995 – began its tenure as the majority party by promoting radical, far-right proposals. In 1999, the GOP leadership was still singing from the same song sheet. For example (as this Special Report will show):

- In 1995, the GOP Congress sent President Clinton a massive tax cut bill skewed to the wealthiest 10% of American households – and in 1999, the GOP Congress was still sending President Clinton massive tax cuts skewed to the wealthiest 10% of households;
- In 1995, the GOP Congress sought to enact deep cuts in the Medicare program – and in 1999 the GOP Congress was still pursuing policies that would result in deep cuts in Medicare; and
- In 1995, the GOP Congress sought to enact the largest cuts in education in this nation’s history – and in 1999, the GOP Congress was still pursuing policies that would lead to deep ten-year cuts in education.

On “Groundhog Day” 2000, the question is: will the GOP Congress continue to cast the shadow of their extremist, special-interest agenda across the country – or will they FINALLY reach out to the Clinton Administration and Congressional Democrats to enact real solutions to the problems facing average Americans?

GOP Leadership Canceled Their Fifth Anniversary Celebration!

In November 1999, Roll Call reported that the Republican Leadership was planning a major celebration of the fifth anniversary of the GOP takeover of Congress in January 2000.

“House GOP Leaders are planning a big celebration in January to mark the five-year anniversary of their takeover of the chamber.”

Roll Call, 11/15/99

However, the “big celebration” never happened. Instead, on January 5, Rep. J.C. Watts (R-OK), Chairman of the House Republican Conference – along with about 60 other House Republicans – held a low-key news conference at the beginning of a two-day House GOP “communications retreat,” at which he released a document entitled, “Securing America’s Future: The Republican Majority Five-Year Progress Report.”

As the Washington Post (January 6, 2000) reported the January 5th Watts news conference:

“[There was] anticipation of a big Republican celebration of the five-year anniversary of the GOP takeover of Congress. ... But the Republicans’ grand plans fizzled, and yesterday’s GOP commemorative gathering of more than 60 House Members at the Capitol Hill Club was a surprisingly low-key event.”

Perhaps, after looking over their record, Republicans ultimately realized that it would be a bad idea to draw major public attention to what Republicans have been up to over the last five years!

A Five-Year Record of Extremism and Special Interests

As this Special Report will show, the record of the GOP-controlled Congress over the last five years has been characterized by two key features: **extremism** and **special interests**. Specifically, this GOP Congress has spent the last five years:

- Pursuing an **extremist** agenda that has been so out-of-touch with ordinary Americans that it has been successfully beaten back by the Clinton Administration and Congressional Democrats; and
- At the same time, at the bidding of **special interests**, blocking the working-families agenda being promoted by the Clinton Administration and Congressional Democrats.

As a result, the last five years have been characterized by legislative stalemate and missed opportunities. Indeed, independent commentators have concluded that the GOP Congresses over the last five years have generally failed to produce results, as seen below.

Assessment of The 1995-96 GOP Congress

“Is this really the worst Congress in 50 years? Quite conceivably. ... The problem is what we can call ‘the extreming of Congress,’ and in both Houses. The House of Representatives, with Speaker Gingrich and the wild-eyed freshmen, already has the reputation for double-barreled radicalism.”

GOP Commentator Kevin Phillips, National Public Radio, 12/7/96

Assessment of The 1997-98 GOP Congress

“As the 105th Congress cast its final legislative vote today, it stood identified ... with the paralysis of American politics near century’s end. For it was a year in which much of the ... energies went into blocking initiatives, not passing them. The Republicans stymied the Democrats’ drive for regulation of health maintenance organizations, overhaul of campaign finance laws, and anti-tobacco legislation.”

New York Times, 10/22/98

Assessment of The 1999 GOP Congress

"The Democratic characterization of a do-nothing Congress under Hastert is difficult to refute. No HMO reform. No campaign finance reform. No reform of the tax code. No long-term solution for saving Social Security or Medicare."

The Hill, 12/8/99

Contents of this Special Report

First, this Special Report will take a closer look at what the Republicans claim to be the "GOP achievements" of the last five years – showing that these "GOP achievements" have actually happened despite the efforts of the GOP Congress rather than because of their efforts. This Special Report will then go on to provide an overview of what the real record of the Republican Congress has been over the last five years. In documenting the five-year record of extremism of the GOP-controlled Congress, this Special Report will describe:

- How the extremist "Contract with America," which helped bring the Republicans to power, ended up being an embarrassing failure;
- How the Republican Congress has attempted to enact numerous extremist ideas;
- How, in pursuing its extremist agenda, the Republican Congress went so far as to even shut down the government;
- How, due to its extremism, the Republican Congress has often failed to get its work done on time; and
- How extremist GOP tax cut plans over the last five years – which fortunately have been blocked by Democrats – would have blown a hole in the deficit.

In addition, this Special Report will document how this Republican-controlled Congress has also spent the last five years doing the bidding of special interests. Specifically, the report will discuss how:

- At the bidding of the well-heeled pharmaceutical industry, the GOP Congress has **BLOCKED** proposals to provide seniors with assistance with prescription drugs;
- At the bidding of a well-heeled coalition of the health insurance and HMO industries, the GOP Congress has **BLOCKED** meaningful managed care reform;
- At the bidding of the well-heeled gun rights lobby, the GOP Congress has **BLOCKED** gun safety measures;
- At the bidding of the well-heeled tobacco industry, the GOP Congress has **BLOCKED** anti-teen smoking legislation;
- At the bidding of the well-heeled business lobby, the GOP Congress has **BLOCKED** a minimum wage increase; and
- At the bidding of wealthy contributors and corporate special interests, the GOP Congress has **BLOCKED** campaign finance reform.

Finally, the report will describe how, in sharp contrast to the GOP record, Democrats are working to enact a positive agenda to meet the needs of the nation's working families.

SECTION II. A CLOSER LOOK AT GOP CLAIMS OF “GOP ACHIEVEMENTS” OVER THE LAST FIVE YEARS

As was noted above, on January 5, 2000, instead of having their big, planned “celebration” of the fifth anniversary of the Republican takeover of Congress, House Republicans instead had a low-key press conference at the Capitol Hill Club, at the beginning of a two-day House GOP “communications retreat.”

At this January 5th press conference, Rep. J.C. Watts (R-OK), Chairman of the House Republican Conference, released a report entitled “Securing America’s Future: The Republican Majority Five-Year Progress Report.”

In this document, Rep. Watts asserted that, over the last five years, the top six achievements of Congressional Republicans have been as follows:

- The goal of fully protecting Social Security has been achieved;
- More than six million Americans are off welfare;
- Education funding has increased;
- The budget has been balanced and \$140 billion in public debt has been paid back;
- Taxes have been reduced by \$500 per child; and
- We have made much-needed investments in our national security.

There are several reasons why this is a laughable accounting of “GOP achievements.” For one thing, a more accurate summary of the efforts of the Republican Congress over the last five years (see Section IV) would highlight the Republican Congress:

- Attempting to enact massive tax cuts targeted at the wealthiest Americans;
- Attempting to ensure that the Medicare program “withered on the vine” – with draconian cuts in Medicare totaling \$270 billion;
- Attempting to abolish the Education Department;
- Attempting to roll back 25 years of bipartisan progress on environmental protection; and
- Attempting to balance the budget on the backs of the working poor – including trying to cut the Earned Income Tax Credit by \$43 billion.

Secondly, what the GOP leadership is labeling “GOP achievements” have often occurred **despite** the efforts of the GOP Congress rather than **because of** the efforts of the GOP Congress. For example, the budget has been balanced and \$140 billion in public debt has been paid back precisely because GOP fiscal policies have not been implemented – with fiscally-irresponsible GOP tax cut bills having been either vetoed or drastically scaled back.

This section of the Special Report compares what Republicans are labeling their six key “GOP achievements” with the actual record of the Republican Congress over the last five years.

GOP CLAIM #1: The goal of protecting Social Security has been achieved.

THE FACTS: The Republican Congress has failed to enact a “lock-box” to truly protect Social Security. Furthermore, the 1999 GOP tax cut bill would have dipped into Social Security by a total of \$124 billion.

For the GOP leadership to claim that the Republican Congress has fully protected the Social Security program misrepresents reality for at least the following three reasons:

- The Republican Congress failed to send to the President any Social Security “lock-box” legislation – the only way in which to fully protect Social Security.
- Instead of protecting Social Security, the GOP fiscal policies end up doing the opposite. For example, the enormous 1999 GOP tax cut bill would have required dipping into Social Security for a total of \$124 billion in FY 2005 through FY 2009.
- The fact that CBO now projects that there will be an on-budget surplus in FY 2000 is due to the nation’s unexpectedly strong economic performance – and has nothing to do with the accounting gimmicks employed by the GOP in the last days of 1999.

First, the GOP Congress wasted the entire year without sending to the President any Social Security “lock-box” legislation, despite several promises to do so. The Clinton Administration submitted “lock-box” legislation to Congress (H.R. 3165) – which would have guaranteed in statute that the entire Social Security surplus is locked away for debt reduction each year – but the GOP Congress ignored this legislation and failed to enact any of its own. It is only through “lock-box” legislation that Social Security can be truly protected.

Second, the massive, fiscally-irresponsible \$792 billion GOP tax cut bill of 1999, which President Clinton vetoed, failed to protect the Social Security program – requiring dipping into the Social Security Trust Fund in FY 2005 through 2009. Specifically, the GOP tax cut bill would have required dipping into Social Security by \$4 billion in FY 2005, \$4 billion in FY 2006, \$18 billion in FY 2007, \$44 billion in FY 2008, and \$54 billion in FY 2009.

Third, the fact that the Congressional Budget Office released new budget projections on January 26 and now projects an on-budget (non-Social Security) surplus of \$23 billion in FY 2000 – instead of the \$17.4 billion on-budget deficit it projected in November based on its July economic and technical estimates – has everything to do with the country’s continued unexpectedly strong economic performance under Clinton-Gore economic policies and nothing to do with the phony accounting gimmicks the GOP engaged in during the final weeks of the 1999 congressional session. As CBO Director Dan Crippen testified on January 26, *“Most of the improvement in the budget outlook since July results from the continuing strength of the economy, which CBO estimates will produce higher revenues. The current revenue projections are more than \$500 billion higher over the 10-year period because of changes in CBO’s economic forecast.”*

GOP CLAIM #2: More than 6 million Americans are off welfare.

THE FACTS: The original GOP welfare reform bill was tough on children and weak on work. It was only through the efforts of the Clinton Administration and Congressional Democrats that the final welfare reform bill provided families the tools they needed to move successfully from welfare to work.

The Republican leadership likes to claim the 1996 welfare reform bill as one of their key achievements – but they always fail to note that the bill signed into law was drastically different from the GOP version of welfare reform, vetoed by the President. Indeed, the reason that the 1996 welfare reform legislation has been as successful as it has been is because of major changes that President Clinton and Congressional Democrats insisted upon before President Clinton signed a final welfare reform bill into law in August 1996.

President Clinton vetoed GOP welfare reform twice – first as part of the overall GOP budget plan on December 6, 1995, and then as a stand-alone bill on January 9, 1996. In 1996, the President cited his reasons for vetoing GOP welfare reform: “Last year, the Republican majority in Congress sent me legislation that had its priorities backward. It was soft on work and tough on children. It failed to provide child care and health care. It imposed deep and unacceptable cuts in school lunches, child welfare, and help for disabled children. The bill came to me twice and I vetoed it twice.” Following are some of the key ways that the final welfare reform bill was significantly better than the GOP version of welfare reform, as cited by President Clinton when he signed the final bill in August 1996.

- **Tools for Moving Successfully From Welfare to Work** – Unlike the GOP welfare reform bill, the final welfare bill provided more adequate tools to help families make a successful transition from welfare to work – including more resources for child care and health care. As President Clinton stated, “[The final bill] provides \$4 billion more for child care [than the GOP bill] so that mothers can move from welfare to work and protects their children by maintaining health and safety standards for day care.”
- **Guaranteed Health Care for Low-Income Children** – Unlike the GOP welfare reform bill, the final welfare bill also provided another tool useful to families moving from welfare to work – the continued guarantee of health care for low-income children. The GOP welfare reform bill had repealed the Medicaid program – thereby repealing the guarantee of health care for children falling below certain income thresholds. The bill signed by the President retained the Medicaid guarantee.
- **Provisions to Better Move Welfare Recipients Into Jobs** – Finally, the final bill contained provisions that were better designed than those in the GOP welfare reform bill to successfully move welfare recipients into jobs. For example, the final bill gave states the capacity to create jobs by taking money previously used for welfare checks and giving it to employers as income subsidies as an incentive to hire people or using it to create community service jobs.

GOP CLAIM #3: Education funding has increased.

THE FACTS: Education funding has increased over the last five years only due to the efforts of the Clinton Administration and Congressional Democrats. The GOP Congress actually tried to enact the largest education cuts in this nation's history.

It is truly mind-boggling that the GOP leadership would claim as one of their key achievements of the last five years “increasing education funding” – since they have spent these past five years making every effort to cut federal support for public education and bragging that the appropriate place for education is with the states. When the GOP gained control of Congress in January 1995, they immediately set to work to enact their “revolutionary” agenda – an agenda that included dramatic cutbacks in federal support for education. This “revolutionary” agenda included such steps as voting for the largest education cuts in this nation’s history and attempting to abolish the Education Department. (See Section IV for more detailed information about GOP education cuts.) Some of the education cuts that Republicans tried to enact during the 104th Congress included:

- **A Cut of \$31 Billion in Overall Education Funding** – The Republican Congress voted to cut overall education funding by \$31 billion over seven years -- in voting for the House Republican seven-year budget plan in May 1995.
- **Elimination of 48,000 Children from Head Start** – The Republican Congress voted to eliminate 48,000 eligible children from the Head Start program – by cutting funding for Head Start by \$137 million for FY 1996.
- **Elimination of Eisenhower Teacher Training** – The Republican Congress voted to eliminate all funding for the Eisenhower Teacher Training program in 1995 and 1996.

The GOP Congress also spent much of 1995 and 1996 attempting to eliminate the Education Department – voting to eliminate the department in May 1995 when adopting their budget plan. As the Washington Times reported on July 6, 1995: “Abolishing the Education Department enjoys widespread support in Congress, particularly among Speaker Newt Gingrich’s band of gung-ho freshmen. All 73 House Republican first-termers are committed to abolishing it. So is Gingrich.” Republicans also tried in the 104th Congress to slash funding for the federal student loan program. For example, in October 1995, the GOP Congress voted to slash student loan funding by \$10.1 billion over seven years and to eliminate the direct student loan program entirely.

Furthermore, Republicans have continued their assault on federal support for improving public education in the 105th and the 106th Congress – attempting to enact voucher programs that would drain scarce taxpayer dollars from the public schools in order to subsidize attendance at private and religious schools; block grant proposals that would eliminate dozens of key education programs such as Safe and Drug-Free Schools and Educational Technology Challenge Fund; and education savings accounts benefitting the wealthy.

GOP CLAIM #4: The budget has been balanced and \$140 billion in public debt has been paid back.

THE FACTS: Most of the credit for the balanced budget must go to the deficit reduction package enacted by a Democratic Congress in 1993 – without a single GOP vote. Indeed, fiscally-irresponsible GOP tax cuts would have blown a hole in the deficit and prevented debt reduction.

The Republican leadership is attempting to take credit for the excellent fiscal record of the last five years. **And yet they have spent the last five years trying to enact fiscally-irresponsible tax cuts – which would have blown a hole in the deficit.** (See Section VII for more detailed information about the fiscally-irresponsible GOP tax cut plans.) It is only because the Clinton Administration and Congressional Democrats have successfully fought against these fiscally-irresponsible GOP tax cuts over the last five years that the federal budget went from deficits to surpluses beginning in FY 1998 and that \$140 billion in public debt has been paid back over the last two years. In other words, these results have been achieved **despite** the GOP Congress rather than **because of** the GOP Congress.

The fiscal fortunes of the country began to turn around with the adoption of the 1993 Democratic Economic Plan. Several economic experts have noted that the adoption of the 1993 economic plan led to dramatically lower interest rates – spurring strong economic growth and better fiscal performance, including the following: **Alan Greenspan**: “There’s no question that the impact of bringing the deficit down [through the 1993 Democratic Economic Plan] set in place a series of events – a virtuous cycle – which has led us to where are today.” (3/4/98) and **Financial Times (London)**: “[The] 1993 deficit reduction plan put the U.S. on course for its first budget surpluses in almost thirty years. This in turn allowed the lower interest rates that have fueled the expansion.” (5/13/99)

Indeed, before the GOP had even managed to enact a budget plan for FY 1996, the 1993 Economic Plan had already successfully **slashed** the federal budget deficit from \$290 billion in FY 1992 to \$164 billion in FY 1995. Indeed, as soon as the GOP took power in 1995, they were attempting to enact fiscally-irresponsible tax cuts of \$353 billion over seven years – the “Crown Jewel” – tax cuts that would have **reversed** the fiscal discipline of the previous two years. Fortunately, President Clinton vetoed these GOP tax cuts in December 1995. Then, again, in 1997, the GOP was pushing fiscally-irresponsible tax cuts of \$180 billion over five years – and once again President Clinton got these tax cuts scaled back to \$95 billion. Then, again, in 1999, the GOP Congress was pushing fiscally-irresponsible tax cuts of \$792 billion over ten years – which would have once again reversed fiscal discipline. And once again, fortunately, President Clinton vetoed these GOP tax cuts in September 1999.

Debt reduction has prevailed because of **Democratic** priorities. For example, the FY 2000 Democratic budget substitute provided for \$146 billion more in debt reduction over ten years than the GOP budget resolution because it called for **targeted** tax relief. Indeed, it has been precisely because the GOP tax cuts have been either vetoed or dramatically scaled back that the country has experienced debt reduction over the last two years.

GOP CLAIM #5: Taxes have been reduced by \$500 per child.

THE FACTS: The original GOP tax cut bill in 1997 provided most of the tax cuts to the wealthy – and not to ordinary working families. Furthermore, it denied the \$500-per-child tax credit to 5 million working families with incomes under \$30,000. It was only due to Democratic efforts that the final bill better targeted the tax cuts to working families and restored the \$500-per-child tax credit to those 5 million families.

The Republican leadership likes to claim the 1997 tax cut bill as one of their key achievements – but they always fail to mention that the bill signed into law was drastically different from the original 1997 GOP tax cut bill. The GOP leadership always fails to point out that, under the original GOP tax cut bill, most of the tax cuts went to the wealthy – not to ordinary working families.

It was only after congressional Democrats and the Clinton Administration dug their heels in and demanded that the tax cuts be retargeted more to middle-income families that the final tax bill in 1997 (PL 105-34) provided significant tax relief to average working families. Specifically, under the House-passed Republican tax bill, two-thirds of the tax cuts (67%) would have gone to the top 20% of American families – families whose incomes had already skyrocketed, with a widening gap between the wealthy and middle-income Americans. By contrast, under the House Democratic tax bill offered on the Floor, two-thirds of the tax cuts (67%) would have gone to the middle 60% of American families.

When a final compromise tax bill was written – as a compromise between the Republican and Democratic bills – 50% of the tax cuts went to the middle 60% of families (up from 32% under the GOP bill). Congressional Democrats and the Clinton Administration therefore succeeded in better targeting the bill's tax relief to those families needing it most.

Furthermore, when the Republicans in Congress unveiled their tax cut bill in June 1997, they announced that they were determined to deny the full \$500-a-child tax credit to any working families who were receiving the Earned Income Tax Credit (EITC). As a result of these House-passed Republican provisions, millions of working families of modest means who pay thousands of dollars in federal taxes each year would have been denied the child tax credit. Specifically, the original GOP tax cut bill would have denied 5 million working families the full \$500-per-child tax credit.

Congressional Democrats and the Clinton Administration worked hard against these punitive Republican provisions – because they strongly believed that working families who pay federal taxes and play by the rules deserved a tax cut too. Eventually, Republicans backed down. Specifically, in the final tax bill (PL 105-34), Democrats were successful in restoring the \$500-a-child tax credit to 5 million working families making less than \$30,000 a year who would have been denied the tax credit under the Republican bill. Overall, thanks to Democratic efforts, the final tax bill provided the child tax credit to a total of 27 million working families.

GOP CLAIM #6: We have made much-needed investments in national security.

THE FACTS: Some bipartisan investments have been made in national security. However, in 1999, the GOP Congress attempted to enact a 0.97% across-the-board spending cut, a cut that the Chairman of the Joint Chiefs of Staff called “devastating” for defense.

Finally, it misrepresents reality for Republicans to attempt to take sole, partisan credit for new investments in defense spending for at least the following three reasons:

- The levels of defense spending over the last few years, including the Defense Authorization Act for FY 2000, were developed on a bipartisan basis;
- The FY 2000 Democratic budget substitute actually called for higher defense spending over the next ten years than the Republican budget resolution; and
- The Republican Congress tried to enact an 0.97% across-the-board cut for FY 2000 – which would have cut defense spending by \$2.7 billion.

First, in general, over the last few years, decisions on the levels of defense spending have been reached with bipartisan cooperation. For example, the 1997 budget agreement included caps on defense spending through FY 2002 that were reached on a bipartisan basis. In early 1999, both Democrats and Republicans began calling for increases in defense spending over the levels assumed in the 1997 budget agreement. The Defense Authorization bill for FY 2000 – which authorized defense spending at \$10 billion higher than the FY 2000 cap set in the 1997 balanced budget agreement – was developed in both the House and Senate with strong bipartisan support. The final version of the bill passed the House by a vote of 375 to 45 on September 15 and the Senate by a vote of 93 to 5 on September 22.

Second, the FY 2000 Democratic budget substitute, which was offered on the House Floor on March 25, called for higher defense spending over the next ten years than the Republican budget resolution – because the Republican budget resolution slapped a hard freeze on defense spending for FY 2005-2009 in order to pay for the massive GOP tax cut, whereas the Democratic substitute provided for more realistic defense levels during those years.

Third, in November 1999, the GOP Congress sent the President a bill containing a 0.97% across-the-board cut for FY 2000 – which would have required a \$2.7 billion cut in defense spending. Chairman of the Joint Chiefs of Staff, General Henry Shelton, labeled this GOP cut “devastating.” According to the Defense Department, a cut of 0.97% would have required the military services to make cuts in recruiting and engage in a loss of about 48,000 military personnel (assuming all reductions were made in enlisted personnel). Fortunately, President Clinton vetoed the GOP 0.97% spending cut on November 3 – and ultimately the spending cut was reduced by 0.38% and military personnel were exempted.

SECTION III. THE EXTREMIST “CONTRACT WITH AMERICA” WAS AN EMBARRASSING FAILURE

“Two-thirds of the much-hyped Contract with America is sitting in the Senate’s dumpster, or in the President’s veto wastebasket.”

GOP Commentator Kevin Phillips, National Public Radio, 12/7/96

“None of the full planks [of the Contract] became law. The successful initiatives were relatively minor: bills applying workplace laws to members of Congress and their staff, limiting unfunded federal mandates on the states, reducing paperwork requirements, increasing penalties for sex crimes against children, and making it harder for investors to sue companies.”

1995 CQ Annual Almanac

“It was rare in 1996 to hear mention of the ‘Contract’ from Republicans.”

1996 CQ Annual Almanac

In reviewing the five-year record of the Republican-controlled Congress, it makes sense to look at the beginning: with the Contract with America. By camouflaging the extremist nature of the Contract with America, the Republicans used the Contract to galvanize their election efforts in 1994 and ride their way to victory.

Specifically, on September 27, 1994, over 250 Republican Members and challengers held a large ceremony on the Capitol Grounds to sign their much-ballyhooed “Contract with America.” **Two years later, the “Contract” lay in tatters, stopped in its tracks by public opposition, turned back by the Democrats and even the GOP Senate, and ultimately abandoned by the House Republican Leadership.**

When Republicans held their rally on the “Contract with America” in September 1994, they promised that this was not “politics as usual” – that this time, politicians were going to deliver on what they promised the voters – which is why this was being called a “Contract.” At that ceremony, then-Minority Whip Newt Gingrich (R-GA) used incredibly grandiose language in describing what the Contract with America would mean:

“If the American people accept this Contract, we will have begun a journey to renew American civilization. Together we can renew America.”

And yet at the end of the 104th Congress, Republicans were in retreat – with two-thirds of the Contract never enacted – and broken promises scattered everywhere. The key planks in the Contract with America were so extreme that even the GOP-controlled Senate had no use for them. Many key planks passed the GOP-controlled House – but then died at the end of the 104th Congress over in the Senate, where they had never been acted upon.

In the 1996 elections, Congressional Republicans studiously avoided reminding voters of the embarrassment of the Contract with America. With their blemished record, in the 1996

elections, the House Republicans lost a net of nine House seats – an enormous setback to the fiery Speaker Gingrich and his band of gung-ho revolutionaries.

Many Republicans Ended Up Disavowing The Contract

Throughout 1995 and 1996, more and more House Republicans began expressing misgivings regarding the revolutionary “Contract with America,” since their 1994 election campaigns had centered on the promise that if the GOP won control of Congress, the eleven different planks in the Contract (see below) would all be enacted into law – i.e., that these campaign promises were different because they were going to be kept.

Having signed the Contract, particularly freshmen Republicans began looking with growing unease at the lack of success of most key elements of the Contract. Following are some of the comments of House Republican freshmen, during 1995 and 1996, regarding their growing misgivings regarding the fact that most of the Contract provisions were not being enacted into law.

“I don’t relish standing on the steps of City Hall next year and saying ‘It’s their [the GOP Senate’s] fault.’ That won’t cut it. People aren’t stupid. They thought the Contract meant we would get things passed into law.”

House Republican freshman requesting anonymity
Washington Times, 9/28/95

“Without the Senate following through, our ability to carry out the things we promised is in jeopardy. And that will be a problem... We have to keep our word.”

Rep. Steve Chabot (R-OH), Washington Times, 9/28/95

“I wish we had had more idea where the Senate stood when we signed [the Contract]!”

Rep. Rick White (R-WA), Washington Times, 9/28/95

“I heard one colleague say that some people were running away from the Contract with America like scalded cats.”

Rep. Matt Salmon (R-AZ), New York Times, 2/26/96

“I don’t think [the Contract] means very much at all.”

Rep. Martin Hoke (R-OH), New York Times, 2/26/96

“This race is not about the Contract...”

Campaign spokesman for Rep. Randy Tate (R-WA), New York Times, 2/26/96

"[On September 27, 1996,] House Republicans will convene on the Capitol Steps to celebrate the two-year anniversary of a document they no longer talk about... With one month before Election Day, the Contract is so abhorred that some of the very freshmen who campaigned on it have been less than enthusiastic about the two-year anniversary rally."

The Hill, 9/96

The Vast Majority of the Contract Was Never Enacted – Overall Only 35% of Contract's Provisions (Generally Minor) Were Enacted

The Republican Leadership had promised to get the Contract with America enacted during the 104th Congress. The vast majority of the Contract was never enacted. The following is a scorecard of the Contract, based on actions taken during the 104th Congress. Overall, by averaging the percentage completed for each of the Contract's eleven planks, it is found that only one-third (or 35%) of the Contract was enacted (which, by the way, is the same conclusion reached by GOP commentator Kevin Phillips; see above quote). As was noted above, the provisions in the Contract that were enacted tended to be noncontroversial provisions, such as applying workplace laws to Members of Congress and their staff, limiting unfunded federal mandates on the states, and reducing paperwork requirements.

PREFACE: CONGRESSIONAL ACCOUNTABILITY – 100% ENACTED

Congressional Accountability Act – It takes a great deal of nerve for Republicans to claim this law as a Republican victory – since this exact same bill was passed by a Democratic-controlled House in 1994 and was blocked by Republicans in the Senate!

PLANK #1: THE FISCAL RESPONSIBILITY ACT – 30% ENACTED

Balanced Budget Constitutional Amendment – The plank of the Contract most highlighted by Republicans was not adopted.

Line Item Veto Act – The version of the Line Item Veto in the Contract was not enacted. Only a very modified, bipartisan version of the line item veto was eventually enacted.

PLANK #2: ANTI-CRIME PROVISIONS – 50% ENACTED

Local Government Law Enforcement Block Grant – The key provision in this plank of the Contract was replacing most federal anti-crime programs with a block grant. This bill passed the House but was never considered by the Senate.

Exclusionary Rule Reform Act – Another key provision in this plank of the Contract was providing for reform of the exclusionary rule. This bill was passed by the House but was never considered by the Senate.

Death Penalty Appeals – A revised version of the Contract provisions on scaling back death penalty appeals was enacted in 1996.

Victim Restitution – These bipartisan provisions, requiring restitution to crime victims, were enacted in 1996.

PLANK #3: WELFARE REFORM – 75% ENACTED

Welfare Reform – Giving the GOP a 75% score on this plank is very generous because the version of welfare reform that was enacted into law was substantially different than the Contract version of welfare reform. Indeed, President Clinton vetoed the Contract version of reform (H.R. 4) on January 9, 1996 – which was tough on children and weak on work. He only signed a bill after provisions were added to give families the tools they needed to move successfully from welfare to work, such as child care and health care.

PLANK #4: REINFORCING FAMILIES – 35% ENACTED

Eldercare Tax Credit – The key provision of this plank of the Contract was creating a tax credit for eldercare. This provision was never enacted.

Participation in Studies – A bill placing limitations on teenagers' participation in surveys and studies without parental consent passed the House, but was never considered by the Senate.

Adoption Tax Credit – Bipartisan provisions regarding providing a tax credit for adoption were finally enacted in 1996.

PLANK #5: TAX RELIEF FOR FAMILIES – 0% ENACTED

Tax Relief for Families – Instead of passing tax relief targeted at working families, the Republicans passed tax relief legislation that was targeted at the wealthiest 10% of American households. As a result, President Clinton vetoed the legislation.

PLANK #6: NATIONAL SECURITY – 0% ENACTED

National Security Revitalization Act – The House passed this plank of the Contract on February 7, 1995 – a bill which did such things as placing restrictions on US funding for UN peacekeeping missions. The Senate never acted on the bill.

PLANK #7: SENIOR CITIZENS EQUITY – 60% ENACTED

Senior Citizen Tax Relief – The key provision in this plank of the Contract was phasing out the taxation of Social Security benefits currently required for the wealthiest 12% of seniors. These GOP provisions were then dropped by the Republicans themselves in conference committee!! They were never enacted.

Social Security Earnings Limit – A revised version of this Contract item, increasing the Social Security earnings limit -- a bipartisan, fiscally-responsible version -- was enacted in 1996.

Tax Benefits for Long-Term Care Insurance – A revised version of this Contract item – a bipartisan, fiscally-responsible version – was enacted in 1996.

PLANK #8: REGULATORY REFORM/CAPITAL GAINS – 15% ENACTED

Tax Relief – The tax cut provisions in this plank of the Contract included a dramatic reduction in capital gains tax rates and a significant increase in business depreciation. None of these provisions were enacted.

Risk Assessment – These drastic provisions, strongly opposed by environmental and consumer groups, would have required detailed risk assessment analyses of any proposed health, safety or environmental regulation. These provisions were passed by the House but never passed by the Senate.

Regulatory Overhaul – This GOP bill to require agencies to conduct regulatory impact analyses of proposed rules was passed by the House but never passed by the Senate.

Private Property Protection – This GOP bill to require agencies to compensate private property owners for federal actions was passed by the House on March 3, 1995. The Senate never acted on the bill.

Unfunded Mandates Reform/Paperwork Elimination – These bipartisan, relatively minor provisions were enacted in 1995.

PLANK #9: TORT REFORM – 25% ENACTED

Limiting Punitive Damages in All Civil Suits – Provisions limiting punitive damages in all state and federal civil lawsuits were not enacted because Congress failed to override the President's veto of the GOP bill.

Product Liability Reform – Provisions imposing standards on both state and federal product liability lawsuits were also not enacted because Congress failed to override the President's veto.

“Loser Pays” Reform – Provisions applying “loser pays” rules to certain federal cases passed the House but were never considered by the Senate.

Securities Litigation Reform – Provisions making it harder for investors to sue companies were enacted over the President's veto.

PLANK #10: TERM LIMITS – 0% ENACTED

Term Limits Constitutional Amendment – The plank of the Contract most highlighted by Republicans after the balanced budget constitutional amendment was also not adopted.

SECTION IV. TOP TEN EXTREMIST IDEAS THAT GOP CONGRESS HAS TRIED TO ENACT

There are literally dozens of extremist ideas that the Republican Congress has tried to enact over the last five years. It was difficult to choose among all these dozens of extremist ideas, but here is one possible list of the Republicans' top ten extremist ideas.

GOP Extremist Idea #1: Skewing Tax Cuts To Wealthiest Americans, Rather Than Middle-Class Families

1995 GOP Tax Cut Package

In 1995, the GOP tried to enact \$245 billion in tax cuts over seven years. This GOP tax cut package, vetoed by President Clinton, targeted the vast majority of its tax breaks on the wealthiest American households. Specifically:

- The poorest one-fifth of taxpayers would actually have seen their taxes increased under the GOP bill – by an average of \$168 a year – due to the Republican cutbacks in the Earned Income Tax Credit.
- The middle one-fifth of taxpayers would have received a tax reduction of only \$226 a year – or 62 cents a day – under the GOP bill.
- Most of the tax cuts in the GOP bill would have gone to the wealthiest households. Indeed, the top 1% of taxpayers – those making more than \$301,000 a year – would have received an average tax reduction of \$13,628 a year.

In 1999, GOP Congress Was Still At It – Trying to Enact Tax Cuts Targeted At The Wealthiest Americans

In 1999, Congressional Republicans tried to enact a tax cut package even much larger than the one they tried to enact in 1995 – a tax cut package of \$792 billion over ten years. Once again, this 1999 GOP tax cut package, vetoed by President Clinton, was skewed to the wealthiest taxpayers in the country, as follows:

- The 60% of taxpayers in the middle-income quintile and below would have received less than 9% of the total tax cuts in the GOP bill. The average tax reduction would have been only \$157 a year – or 43 cents a day.
- The top 10% of taxpayers would have received 68% of the tax cuts in the GOP bill, and would have gotten an average tax reduction of \$7,520 a year.
- Finally, the top 1% of taxpayers – those making more than \$301,000 a year – would have received 41% of the tax cuts in the GOP bill, and would have gotten an average tax reduction of \$45,835 a year.

GOP Extremist Idea #2: Making Deep Cuts in Medicare

In 1995, GOP Congress Tried To Enact Having Medicare “Wither On The Vine”

“Now, we didn’t get rid of [Medicare] in round one because we don’t think that that’s politically smart and we don’t think that’s the right way to go through a transition. But we believe it’s going to wither on the vine because we think people are voluntarily going to leave it.”

Speaker Newt Gingrich, Speech to Blue Cross/Blue Shield Conference,
10/24/95

In 1995, the Republican Congress shocked the nation by trying to enact \$270 billion in cutbacks in Medicare – allowing it to wither on the vine – in order to pay for their \$245 billion in tax cuts for the wealthy. This massive, \$270 billion cut in Medicare, vetoed by President Clinton, would have required the 36 million Medicare beneficiaries to pay more and get less under the Medicare program. The GOP Medicare cuts would have meant:

- **Doubling The Medicare Premium.** The Republican Medicare bill would have doubled the monthly Medicare premiums from \$46.10 in 1995 to \$88.90 in 2002 – increasing the premiums paid by seniors by a total of \$1,200 over seven years compared to current law. These Republican premium increases would have been particularly burdensome because most of the seniors relying on Medicare live on modest incomes and already spend 21% of their household income on out-of-pocket health costs – compared to the 6% spent by those under 65.
- **Cutting Medicare Spending Per Person.** The Republican Medicare bill would have cut the amount spent on Medicare by \$1,700 per beneficiary by the year 2002 compared to current law – drastically slashing Medicare benefits and services.
- **Repealing Protections Against Overbilling.** The GOP Medicare bill would have increased the out-of-pocket health care costs of seniors even further by repealing current protections against overbilling for all those who leave traditional Medicare for private health plans for which the Republican bill provides enormous incentives.

In 1999, GOP Congress Was Still At It – The 1999 GOP Tax Cut Bill Would Have Triggered A \$41 Billion Cut in Medicare

Furthermore, the Republican Congress still hasn’t learned its lesson. The 1999 Republican tax cut bill would have triggered across-the-board spending cuts (known as sequestration) in “mandatory programs” under the Budget Enforcement Act’s pay-as-you-go rules. As a result, enactment of the GOP bill would have required an automatic, across-the-board cut of \$41.4 billion in Medicare spending over the next five years. Medicare payments to all providers, including hospitals, physicians, home health agencies and skilled nursing facilities, would have had to be cut proportionately.

GOP Extremist Idea #3: Making the Largest Education Cuts In This Nation's History, Including Abolishing The Education Department

1995 GOP Cuts in Education

The Republican 104th Congress tried to enact the largest cuts in education funding in this nation's history – cuts which were blocked by the Clinton Administration. Following are some of the highlights of the education cuts the GOP Congress attempted to enact:

- **A Cut of \$31 Billion in Overall Education Funding Over Seven Years** – The Republican Congress voted to cut overall education funding by \$31 billion over seven years – in voting for the Republican seven-year budget plan in May 1995.
- **Abolishing the Education Department** – The GOP Congress voted to abolish the Education Department – in voting for the GOP seven-year budget plan in May 1995.
- **Title I, Education for the Disadvantaged** – The Republican Congress voted to deny 1.1 million children the extra help they need in math and reading – by cutting funding for Title I, Education for the Disadvantaged by \$1.2 billion or by 17% for FY 1996.
- **Pell Grants** – The Republican Congress voted to cut the appropriation for the Pell Grant program by \$482 million for FY 1996 – including holding the maximum Pell Grant award for FY 1996 at \$2,440.
- **Eisenhower Teacher Training** – The Republican Congress voted to eliminate all funding for the Eisenhower Teacher Training program in 1995 and again in 1996.

In 1999, GOP Congress Was Still At It – The 1999 GOP Tax Cut Bill Would Have Required a 50% Cut in Education by 2009

In 1999, the GOP Congress was still pursuing policies that would jeopardize federal support for education. The GOP \$792 billion tax cut bill, vetoed by President Clinton, would have required a cut of roughly 50% in education programs by 2009, with the following impacts:

- **Title I, Education for The Disadvantaged** – Title I would have been forced to cut about 5.9 million children in high-poverty communities from key educational services necessary to improve their future prospects by FY 2009.
- **Special Education** – Special Education would have been slashed by \$3.3 billion by FY 2009 (from the current-service funding level of \$6.6 billion for that year).
- **Pell Grants** – The Pell Grant maximum award, which will reach about \$3,850 in FY 2009 under current law, would have been slashed to \$2,175, the lowest level since 1987, denying low- and middle-income students financial aid to help make college more affordable.

GOP Extremist Idea #4: Killing Arms Control

Another example of the extremism displayed by the Republican-controlled Congress has been the first rejection by the Senate of an arms control treaty in the modern era -- displaying the neo-isolationism advocated by certain members of the GOP majority. Specifically, on October 13, 1999, far-right Senate Republicans scored a major victory -- when they forced to the Senate Floor and then defeated the Comprehensive Test Ban Treaty. Bringing the treaty up for a vote on October 13 and then defeating it was a victory for Senator Helms (R-NC) and other right-wing Senate Republicans. The extremist nature of this action is highlighted by the fact that **no modern arms-control treaty had ever been rejected by the Senate before this vote.**

In early October, a major movement developed in the Senate to delay any action on the Comprehensive Test Ban Treaty until the 107th Congress -- in order to avoid the damaging impact of a rejection of the Treaty. Indeed, by October 13, 62 Senators -- including several key GOP Senators -- had signed a letter to Senate Majority Leader Lott urging delay until the 107th Congress. However, far-right Republicans torpedoed an emerging agreement on delaying action on the treaty and insisted on bringing the treaty up for a vote on October 13.

The October 14th New York Times editorial described the significance of this first-ever rejection of a modern arms control treaty:

"The Senate's action ... is a destructive abdication of American leadership on arms control and other international issues. The harm done to United States foreign policy and to the security of the world is incalculable. By far the greatest blame belongs to Senate Majority Leader Trent Lott and the Republican caucus, which allowed itself to become captive to some of the party's most parochial senators. In recent days, Mr. Lott stubbornly rejected efforts by Senate Democratic Leaders to avoid the international embarrassment of a rejection vote even when they were prepared to offer him firm assurances that the treaty would not be reintroduced without his approval during the life of the present Congress."

Similarly, on October 14, veteran journalist R. W. Apple of the *New York Times* placed the rejection of a major arms control treaty in an historical perspective:

"The Senate's decisive rejection tonight of the Comprehensive Test Ban Treaty was the most explicit American repudiation of a major international agreement in 80 years... Not since the Versailles Treaty was voted down in November 1919 ... has so far-reaching an accord been turned down. The control of nuclear weapons has been a central goal of American foreign policy since Dwight D. Eisenhower proposed a ban on all nuclear testing in 1958. All Presidents in the four decades since, Republicans and Democrats, have sought to limit testing and weapons development. In rejecting the test ban treaty...the Senate halted the momentum built up over the years."

GOP Extremist Idea #5: Eliminating The COPS Program

Over the last five years, the Republican Congress has continuously tried to kill off one of the most successful programs the federal government has ever been involved with – the 100,000 Cops-on-the-Beat program.

1995 GOP Efforts To Eliminate COPS Program

One of the first things that House Republicans attempted to do when they took control of Congress in 1995 was to repeal the COPS program and replace it with an unrestricted law enforcement block grant. Specifically, in February 1995, Republicans passed a bill which would have replaced COPS with a block grant.

National police organizations opposed this Republican bill, because they feared that cash-starved localities would seize upon the block grants for a range of expenses, rather than increasing the number of police officers in the field. Some pointed out that the earlier LEAA block grant had led to much wasteful spending – with funds thrown away on fancy computer equipment ill-suited for law enforcement, radio equipment that did not work, and foolish consulting fees.

House Republicans made three separate efforts in 1995 to eliminate the COPS program – in February, again in July, and once again in December. In vetoing the GOP bill in December, President Clinton pointed out, “The bill represents an unacceptable retreat in our fight against crime. It eliminates my COPS Initiative...The block grant that [the GOP bill] would offer instead would not guarantee a single new police officer. That’s not what the American people want, and I won’t accept it.”

In 1999, GOP Congress Was Still At It – Voting To Eliminate COPS Program

Since 1995, the GOP Congress has tried several other times to eliminate the COPS program. In 1999, the GOP Congress had still not given up – trying once more to abolish the program. In May 1999, it was announced that the COPS program had accomplished its goal of funding the addition of 100,000 police officers on the beat – ahead of schedule and under budget. Building on the enormous success of the original 100,000 COPS Initiative, the Administration had requested \$1.3 billion in its FY 2000 budget to begin funding a five-year extension of the COPS Initiative, putting an additional 50,000 cops on the street.

Instead, Republicans passed a bill in October that would have eliminated the COPS program by 2001 – allowing it to expire in FY 2000, as under current law.

Ultimately, congressional Republicans backed down – and agreed to the Democrats’ insistence of beginning funding a five-year extension of the COPS Initiative. The final agreement makes available \$912 million in FY 2000 for first-year funding of the five-year extension. The five-year extension of the COPS Initiative will allow local police departments to hire up to an additional 50,000 police officers over the next few years, help provide law enforcement with the latest crime-fighting technologies, help hire new community prosecutors, and target funds to engage the entire community in preventing crime.

GOP Extremist Idea #6: Rolling Back 25 Years of Bipartisan Progress on Environmental Protection

1995 GOP Rollbacks in Environmental Protection

In 1995, the Republican Congress launched an unprecedented assault on the environment. The following summarizes only a few of these Republican assaults.

- **Clean Air Standards** – Ignoring the progress in cleaning the air we breathe over the past 25 years, Republicans tried to rewrite the Clean Air Act to repeal toxic air pollution standards and cripple the Act's enforcement. Further, the Republican-led Congress voted to halt efforts to protect the health and safety of children living near oil refineries, which emit 78,000 tons of toxic air pollution each year.
- **Toxic Waste Sites** – The Republican Congress voted to slash funding for Superfund clean-ups by \$550 million, 36% below the President's budget. In addition, the GOP Congress proposed letting polluters off the hook in paying for cleanups – shifting responsibility from polluters to taxpayers.
- **Clean Water** – The Republican Congress voted to slash funding for Clean Water by about \$700 million or by 35%. The Republican Congress also voted to impose riders that would have specifically prohibited EPA from developing new clean water standards for industrial and municipal point sources.

In 1999, GOP Congress Was Still At It – The 1999 GOP Tax Cut Bill Would Have Required a 50% Cut in Environmental Protection by 2009

In 1999, the Congress was still pursuing policies that would jeopardize the environment. The GOP \$792 billion tax cut bill, vetoed by President Clinton, would have required a cut of roughly 50% in environmental protection programs by 2009, with the following impacts:

- **Safe Drinking Water** – The Drinking Water State Revolving Fund would have been cut by \$400 million by FY 2009. Presently, 240 million Americans receive drinking water from community water systems. By FY 2009, thousands of these water systems will need to make improvements to ensure continued safe drinking water.
- **Superfund** -- The EPA's Superfund program would have been cut by \$1 billion by FY 2009, eliminating funding for all new federally-led cleanups due to begin that year. Major reductions would also be needed in emergency response actions, ongoing Superfund cleanups, and negotiation and oversight of private party-led cleanups.
- **EPA Enforcement** – A roughly 50% cut in EPA's enforcement program would effectively remove the environmental cop on the beat, jeopardizing our ability to assure adequate protection of public health and the environment. About 8,200 fewer inspections and 1,640 fewer enforcement actions could contribute to a higher non-compliance rate and an increase in pollution.

GOP Extremist Idea #7: Cutting/Delaying The Earned Income Tax Credit

In 1995, GOP Congress Tried To Drastically Cut Earned Income Tax Credit

While providing lavish tax breaks to the wealthy, Republicans voted in 1995 to cut the Earned Income Tax Credit by \$43 billion over seven years – actually raising the taxes on working families with incomes up to \$30,000 by that amount. The Earned Income Tax Credit is a tax credit for low-income workers that is designed to ensure that work is more beneficial for a family than welfare. Under the bill passed by Republicans, 17 million working families, with 23.4 million children, would have had their Earned Income Tax Credit cut and thus seen their taxes actually increase.

Indeed, according to a Treasury Department analysis, these 17 million families would have paid an average of \$352 a year more in taxes by 2002. Furthermore, the 7.4 million families with two or more children would have seen their taxes increase by even more – an average of \$405 a year by 2002.

Then in 1999, GOP Congress Once Again Targeted Earned Income Tax Credit – Cutting \$9 Billion By Delaying EITC Payments

In 1999, Republicans in Congress were at it again – targeting the Earned Income Tax Credit for cuts once again. Specifically, on September 30, Republicans on the House Appropriations Committee added to the GOP Labor-HHS-Education bill (H.R. 3037) a provision sponsored by House Majority Whip Tom DeLay that would helped Republicans claim that they had balanced the budget by saving \$9 billion by delaying payment of the Earned Income Tax Credit for low-income working families. The 1999 Republican plan to delay EITC payments had the strong support of the top House GOP leaders:

Speaker Dennis Hastert: “Most of the folks in that situation do not need help with their annual income; they need help with their monthly income.” (Washington Times, 9/30/99)

House Majority Leader Dick Armey: Armey called delaying EITC payments “a commonsense approach,” adding “I would say it is denying them the lump sum acceptance of my money.” (Chicago Tribune Business News, 9/29/99)

The extremism of this provision being championed by the top GOP leaders was highlighted when the GOP frontrunner for President heavily criticized the proposal, as follows:

Texas Governor George W. Bush: “I don’t think they ought to balance their budget on the backs of the poor. I’m concerned about the income tax credit. I’m concerned for someone who is moving from near-poverty to middle class.” (AP, 9/30/99)

In light of the avid opposition of the GOP presidential frontrunner, the same GOP congressional leaders who had drafted and championed the GOP EITC proposal then had to raise the white flag of surrender and abandon the proposal.

GOP Extremist Idea #8: Slashing School Lunch and Other Child Nutrition Programs

In 1995, while giving \$245 billion in tax breaks for the wealthy, the Republican Congress voted to cut child nutrition programs by approximately \$10 billion over seven years, including school lunches and WIC. Specifically, the Republican bill would have eliminated all existing federal child nutrition programs (including the School Lunch Program and WIC) and replaced them with two block grants – the School-Based Nutrition Block Grant and the Family Nutrition Block Grant. The Republican bill would then have reduced spending for child nutrition programs by about \$10 billion over seven years, compared to what would have been provided for the programs it abolished under current law.

First, the Republican bill would have repealed the existing School Lunch and School Breakfast Programs, along with all other school-based nutrition programs, and replaced them with a School-Based Nutrition Block Grant that ended the entitlement status of the school lunch and breakfast programs. An estimated 24.5 million students participate each month in the School Lunch program, with 12.6 million children (50%) receiving free meals. Since the entitlement status of the programs would have been ended under the GOP bill, schools would no longer have received additional federal funds if the number of children in poverty who needed free meals increased, as occurs during recessions. The bill guaranteed a certain level of funding for the GOP block grant over the following seven years. However, this funding was approximately \$7 billion below what would have been provided under the entitlement programs being replaced.

Secondly, the Republican bill would have repealed WIC and other child nutrition programs not operated at schools and replaced them with a Family Nutrition Block Grant. Under the Republican bill, states could use their Family Nutrition Block Grant funds for “WIC-like” services. The bill authorized a certain level of funding for the following seven years. However, the block grant was a discretionary program, subject to annual appropriations, with no guaranteed level of funding. Funding for the block grant was also set approximately \$3 billion below the funding that would have occurred under the programs being replaced.

GOP Extremist Idea #9: Cutting Student Loans

1995 GOP Cuts in Student Loan Programs

In 1995, while giving \$245 billion in tax breaks for the wealthy, the Republican Congress voted to cut student loan programs by a total of \$10.1 billion – including repealing the direct student loan program.

First, the Republican Congress voted to increase the costs for the 6.9 million students across the country who participate in federal student loan programs by \$3.5 billion – by eliminating the interest subsidy during the six-month grace period following graduation at a time when young people are already burdened by a record level of student loan debt. The elimination of this interest subsidy would have increased the cost of the student loan by \$600 for an average student (a student who has borrowed \$15,000). For graduate students, who borrow even more, the additional costs would have been substantially higher.

Secondly, the Republican Congress voted to increase the costs of parent loans (PLUS loans) by a total of \$1.3 billion by raising the interest rates on these PLUS loans. This increase would have resulted in up to \$5,000 in additional costs for parents who already have to borrow heavily to meet the costs of four years of college.

Thirdly, the Republican Congress voted to eliminate entirely the direct student loan program, at the behest of one of their special-interest allies: the big banks. The August 20, 1995 *New York Times* told the story: “After complaints from banks that have seen their share of student loans drop sharply, Republicans have changed the accounting rules to make it easier for Congress to kill off the banks’ competition – a federal program that makes direct loans from the Treasury... Banks have long treasured the guaranteed student loan program, which offers profits with much less risk than they have on other loans.”

Fortunately, the Clinton Administration and Congressional Democrats worked together to kill all three of these ideas and none of them were enacted into law.

In 1999, GOP Congress Was Still At It – The 1999 GOP Tax Cut Bill Would Have Triggered An Automatic Across-the-Board Cut in Student Loan Programs

Furthermore, the Republican Congress still hasn’t learned its lesson. The 1999 Republican tax cut bill would have triggered across-the-board spending cuts (known as sequestration) in “mandatory programs” under the Budget Enforcement Act’s pay-as-you-go rules. As a result, enactment of the GOP bill would have required an automatic, across-the-board cut in student loan programs. As a result of this across-the-board cut, guaranteed and direct student loan program borrowers would have had their origination fees increased by one-half of a percentage point beginning in 2000. For example, a graduate student taking out the maximum loan would have had their fees increased by about \$100 a year. Over 5.5 million guaranteed and direct student loan program borrowers would have been affected by this automatic, across-the-board cut in student loan programs.

GOP Extremist Idea #10: Allowing Corporations to Once Again Raid Their Employees' Pension Funds

Finally, another extremist idea that the Republicans have tried to enact over the last five years is allowing corporations to once again be able to raid their employees' pension funds!

During the 1980s, a growing problem developed of corporations raiding their workers' pension funds, by withdrawing "surplus" funds and using the funds for other purposes. According to the Pension Benefit Guaranty Corporation, during this period, about \$20 billion in "surplus" funds was taken from 2,000 pension plans, covering 2.5 million people. Following are some of the corporations and the amounts they took out of their workers' pension funds: Exxon took \$1.6 billion in surplus pension money; FMC took \$726 million; Union Carbide took \$504 million; Goodyear Tire and Rubber took \$400 million; and Phillips Petroleum took \$400 million.

Therefore, in 1990, a Democratic-controlled Congress decided to put a stop to corporations raiding their employees' pension funds and passed a law imposing prohibitive excise taxes on "surplus" funds withdrawn by employers from pension funds.

However, in October 1995, the Republican Congress voted to turn back the clock on the protection of pensions that was enacted in 1990. The GOP budget bill would have once again allowed corporate raids on workers' pension funds, by easing the pension rules so that companies would be able to remove "surplus" money from these funds. ("Surplus" funds are defined as 125% of current liabilities.) Under the 1990 law, if a company takes surplus funds out of a pension plan, a 20% to 50% excise tax is levied on the withdrawal. However, the Republican-passed provisions would have done away with the excise tax entirely until July 1, 1996 and then would have imposed only a 6.5% excise tax.

The Joint Tax Committee staff estimated that doing away with the higher excise tax would have given corporations such a strong incentive to dip into pension funds that \$30 billion to \$40 billion would have been withdrawn from pension funds almost immediately.

Furthermore, the Pension Benefit Guaranty Corporation estimated that some 22,000 pension plans, covering about 11 million workers and two million retirees, would have been threatened by this legislation.

Fortunately, the Clinton Administration and Congressional Democrats strongly fought this proposal and it was never enacted.

SECTION V. PURSUING ITS EXTREMIST AGENDA, GOP CONGRESS EVEN SHUT DOWN THE GOVERNMENT

Perhaps the height of Republican extremism over the last five years was the GOP-manufactured shutdown of the government in the 104th Congress. In an effort to force the Congressional Democrats and the President to accede to their radical budget proposal, the Republicans manufactured a serious government crisis. In 1995, the Republican Congress purposely missed deadline after deadline in finishing their legislative work; and then they chose conflict over consensus by passing a budget bill that they knew the President would veto. To “keep up the pressure,” the Republicans insisted on passing only short-term “continuing resolutions.” Finally, when the President and Congressional Democrats held firm, the Republican Congress forced an historic shutdown of the government, much of it in the holiday season, and put the full faith and credit of the federal government at risk.

But the Republicans miscalculated badly. They miscalculated Democratic resolve in opposing the drastic cuts that the Republicans had set as their price for opening the government. And the Republicans badly miscalculated the reaction of the American people – both to their plan of massive cuts to finance a tax break for the wealthy and to their strategy of holding the government hostage to their unreasonable demands.

In the end, the Republican plan to coerce the President by shutting down the government backfired. The President and Congressional Democrats never bowed to the Republican pressure. And once public attention focused on what the Republicans were proposing and the strategy they were using to insist on their radical agenda, the American people turned strongly against the Republican Congress.

The Republicans Plot A Shutdown

Republicans knew it would be impossible to convince Congressional Democrats and the President to support their plan to cut Medicare, Medicaid, education funding and environmental protection to give a tax break for the wealthiest Americans. But the Republicans believed that they could force their agenda by threatening to shut down the Federal government and by putting the credit worthiness of the Federal government at risk.

Nothing tells the story of the government shutdown as powerfully as the words of the Republicans who plotted and carried out the plan to shut down the government.

“On October 1, if we don’t appropriate, there is no money...You can veto whatever you want to. But as of October 1, there is no government...We’re going to go over the liberal Democratic part of the government and then say to them: ‘We could last 60 days, 90 days, 120 days, five years, a century.’ There’s a lot of stuff we don’t care if it’s ever funded.”

Speaker Newt Gingrich (R-GA)

Rocky Mountain News, June 3, 1995

“He [the President] can run the parts of the government that are left [after the

Republican budget cuts] or he can run no government... Which of the two of us do you think worries more about the government not showing up?"

Speaker Newt Gingrich (R-GA)

Time, June 5, 1995

"I don't care what the price is. I don't care if we have no executive offices, and no bonds for 60 days – not this time."

Speaker Newt Gingrich (R-GA)

Washington Post, September 22, 1995

"We are going to fund only those programs we want to fund...We're in charge. We don't have to negotiate with the Senate; we don't have to negotiate with the Democrats."

House Republican Whip Tom DeLay (R-TX)

Baltimore Sun, January 8, 1996

"I don't see the government being shut down as a negative. I see it as a positive if we get things righted."

Rep. John Kasich (R-OH)

House Budget Committee Chairman

AP Online, July 26, 1995

"I campaigned against raising the debt ceiling. If we have to temporarily shut down the government to get people's attention to show we're going to balance the budget, then so be it."

Rep. Jon Christensen (R-NE)

AP Online, July 26, 1995

The Cost and Impact of the GOP Government Shutdown

Embarking on the course towards a government shutdown, Speaker Gingrich was cavalier about the impact of employing this tactic. He boasted to the *Washington Post*, "I don't care what the price is..." (September 22, 1995). Unfortunately, for the American taxpayer, the cost was high and the inconvenience was great. In the final analysis, the 27-day government shutdown cost American taxpayers \$1.4 billion. (Office of Management and Budget report, January 19, 1996) In addition, the shutdown disrupted businesses and individuals who were innocent victims of political brinkmanship. The following is a list of just a few of the totally unnecessary disruptions caused by these tactics.

Veterans Benefits. Approximately 170,000 veterans did not receive their December 1995 Montgomery GI Bill education benefits on time. Over 200,000 additional veterans disability compensation and pension claims were added to the backlog during the shutdown, and each of the 350,000 existing claims in the system experienced a 27-day additional delay in adjudication time. The shutdown resulted in an additional 25,000 pending home loan claims and an additional 8,000 pending life insurance claims. Furthermore, the Veterans Administration was unable to provide over 15,000 interviews and 81,000 telephone interviews to veterans, their survivors, and dependents.

Superfund Cleanups. Hundreds of Superfund toxic waste cleanups were shut down, delaying cleanup of these sites and unnecessarily continuing exposure to dangerous chemicals for citizens living near them.

Child Support. The shutdown resulted in a backlog of 250,000 cases for the Federal Parent Locator Service, which helps states locate parents who are delinquent in their child support payments.

Passports. Over 200,000 passport applications were not processed and were then backlogged as a result of the shutdown.

Trade. Over 1,000 export licenses valued at more than \$2.2 billion in U.S. exports were delayed because the Department of State and the Bureau of Export Administration were unable to process export licenses.

National Parks/Museums. Approximately seven million National Park visits were prevented because the National Parks were shut down. Businesses that depend on national parks lost income that could not be replaced. Over two million visits to the Smithsonian Museums, National Gallery of Art, National Zoo, Holocaust Museum, and the Kennedy Center were prevented.

Housing. Over 30,000 Federal Housing Administration single-family loans could not be insured by the FHA – either forcing FHA homebuyers to delay their purchase or requiring FHA lenders to temporarily carry the credit risk of such loans on their own books.

Outcome of the GOP Shutdown

The Republican plan to coerce the President by shutting down the government backfired. The President and Congressional Democrats never bowed to the Republican budget. And once public attention focused on what the Republicans were proposing, and the strategy they were using to insist on their radical agenda, the American people turned strongly against the Republican Congress.

In the end, the several-month period in which the Republicans tried to force the President, Congressional Democrats and the American people to accept their radical budget plan proved to be an embarrassing Republican failure. Taken together, the plan they insisted upon and the tactics they used showed the Republican Congress to be reckless in the cuts they proposed, cavalier in their lack of concern about the hardships imposed by the government shutdown, and unbending and unreasonable in refusing to seriously negotiate with the President.

SECTION VI. DUE TO ITS EXTREMISM, GOP CONGRESS HAS OFTEN FAILED TO GET ITS WORK DONE IN A TIMELY WAY

Due To Its Extremism, GOP Congress Has Bottled Up Nominations

A key example of the extremist record of the GOP-controlled Congress over the last five years is how the Senate has bottled up both judicial and executive nominations and played politics with these nominations to an unprecedented degree.

Indeed, the record of the GOP-controlled Senate over the last five years on confirming judicial nominations has been so appalling that even conservative Supreme Court Justice William Rehnquist has spoken out and been unusually critical of the Senate in bottling up the Administration's nominations to the federal bench. As a January 5, 1998, *New York Times* editorial pointed out:

"No one has ever accused Chief Justice William Rehnquist of bleeding-heart tendencies. It was thus extraordinary for him to get into a confrontation last week with Senator Orrin Hatch and other conservative Republicans over what the Chief Justice said was an inexcusable holdup by the Senate over President Clinton's nominations for the federal bench."

In his January 1998 "State of the Judiciary" report, Chief Justice Rehnquist said in part:

"The Senate confirmed only 17 judges in 1996 and 36 in 1997, well under the 101 judges it confirmed during 1994. ... The Senate is surely under no obligation to confirm any particular nominee but after the necessary time for inquiry it should vote him up or vote him down. ... Vacancies cannot remain at such high levels indefinitely without eroding the quality of justice."

Rehnquist pointed out that the low rate of confirmations by the Senate in 1996 and 1997 had led to a dangerously high rate of judicial vacancies – with the vacancy rate at almost 10 percent, with 82 of the 846 seats on the federal bench vacant. Since that January 1998 report from Chief Justice Rehnquist, the problem has continued. As of January 2000, there were 76 of the 846 seats on the federal bench vacant – a vacancy rate almost as high as in January 1998. Indeed, there were only 34 judges confirmed by the Senate in 1999!!

Furthermore, the record of the Republican-controlled Senate on confirming civilian executive nominees over the last five years has also been poor. The Democrat-controlled Senate had confirmed 510 civilian executive nominees in 1993 and 608 nominees in 1994. By comparison, the GOP record is as follows: only 331 confirmed in 1995; 150 confirmed in 1996; 361 confirmed in 1997; and 319 confirmed in 1998.

Due To Its Extremism, GOP Congress Has Delayed Emergency Aid to Flood Victims and Farmers For Months, Both in 1997 and Again in 1999

Another key illustration of their extremism is how in 1997 and again in 1999 Republicans delayed urgently-needed emergency aid for months – in an attempt to force President Clinton to sign highly controversial portions of the GOP agenda.

In 1997, Republicans spent April, May, and June playing politics with flood relief – trying to attach unrelated, controversial provisions to urgently-needed flood relief legislation. Rivers in North Dakota, South Dakota, and Minnesota had flooded in early April – forcing tens of thousands of people to evacuate their homes and farms. And yet in early June, flood relief still had not reached these families, because Republicans insisted on playing politics. Indeed, on June 4, 1997, still with no flood relief, business leaders from Grand Forks, North Dakota and East Grand Forks, Minnesota – two of the communities hardest-hit by the flooding – had issued a joint statement directed at the Republican leaders of Congress, pleading for long-delayed action and citing all the problems that had been created by this Republican-created delay:

“There are thousands of people in our two cities – and tens of thousands more in our two states – who are in limbo, unable to make basic decisions about where their lives go from here until this bill is enacted... We have farmers in our state who can’t plant; ranchers who are unable to renew their herds; and local school districts which are borrowing money right now to pay costs that should have already been covered by funds in this bill.”

It wasn’t until June 12 – **more than two months after the Midwestern flooding** – that GOP leaders finally got a flood relief bill to the President stripped of its controversial riders. (One of the controversial riders that the GOP was holding up flood relief over was their highly partisan provision to ban the Census Bureau from using sampling in the 2000 census.)

Apparently, the GOP Congress didn’t learn its lesson back in 1997. Two years later, the GOP Congress was at it again – delaying critically-needed emergency assistance by playing politics with an emergency bill. Once again in 1999, the GOP Congress turned its back on American farmers – needlessly delaying the emergency farm-aid package requested by the Clinton Administration. The GOP Congress delayed the farm-aid package for two and a half-months after the Administration requested the package on February 26 – with Congress not finally clearing this package until May 20 – **84 days after the request**. Once again, the Republican Congress held up acting on the request because it was attempting to attach highly controversial, unrelated provisions which it knew the Administration strongly opposed.

The emergency aid was needed because the continuing farm crisis in the U.S. had caused farm loan programs to begin running out of lending authority before the end of the fiscal year. Across the country, farmers were struggling to survive day-to-day – with wheat, corn and soybeans at record low prices and hog prices covering barely 40% of a farmer’s costs. This completely unjustified GOP delay prevented about 10,000 struggling, hard-pressed farmers across the country from getting the loans that they desperately needed for 84 days.

Due To Its Extremism, GOP Congress Has Often Missed Its Appropriations and Budget Deadlines

By Pushing Extremist Spending Bills, GOP Congress Has Missed Its Appropriations Deadlines in Four of Last Five Years

Finally, a third illustration of GOP extremism is how they have often missed appropriations and budget deadlines. By October 1st of each year, Congress is supposed to have passed and sent to the President all 13 annual appropriations bills that keep the government running. And yet, due to the extremist spending plans being pursued by Republicans, in four of the last five years, the Congress has completely failed to meet this responsibility. Specifically:

- By the October 1st, 1995 deadline, only two of the 13 must-pass FY 1996 appropriations bills had cleared Congress;
- By the October 1st, 1997 deadline, only four of the 13 must-pass FY 1998 appropriations bills had cleared Congress;
- By the October 1st, 1998 deadline, only four of the 13 must-pass FY 1999 appropriations bills had cleared Congress; and
- By the October 1st, 1999 deadline, only five of the 13 must-pass FY 2000 appropriations bills had cleared Congress.

Indeed, the congressional session in 1995 actually came to a close without Congress finishing its must-pass work – six of the 13 must-pass FY 1996 bills had still not been enacted and the agencies within these bills were being funded through continuing resolutions. It was not until April 26, 1996 – nearly seven months into the fiscal year – that the GOP Congress finally cleared the final FY 1996 appropriations bills!!

In 1998, There Was No Final Budget Resolution For The Very First Time

The level of irresponsibility demonstrated by the Republican-controlled Congress over the last five years is highlighted by what happened in 1998. The year 1998 was the first year since the budget process was created in 1974 that a Congress failed to enact a final budget resolution – a direct violation of the requirements of the Congressional Budget Act.

In 1998, the Senate passed its budget resolution on April 2 and the House passed its budget resolution on June 4. And yet four months later Congress adjourned with no House-Senate budget resolution conference report adopted for the year. The reason for this stalemate was the extremist nature of the House GOP budget resolution – which called for making \$101 billion in spending cuts beyond those already required by the 1997 Balanced Budget Agreement. Sen. Domenici, GOP Chairman of the Senate Budget Committee, labeled the House budget resolution “a mockery.” Four moderate GOP Senators explained how extremist the House resolution was: “*The resolution contains large cuts in both discretionary and mandatory programs and violates key components of the balanced budget agreement reached just last year...The House budget would reduce funding for discretionary programs by \$45 billion over the next five years and, when inflation is taken into account, would leave nondefense discretionary spending 19 percent lower in 2003 than in 1998.*”

SECTION VII. EXTREMIST GOP TAX CUT PLANS OVER LAST FIVE YEARS WOULD HAVE BLOWN A HOLE IN THE DEFICIT

The Republican Congressional leadership is attempting to take credit for the nation's robust economy. **And yet they have spent the last five years trying to enact fiscally-irresponsible tax cuts – which would have blown a hole in the deficit and thereby undermined the nation's economic recovery!!**

Indeed, one of the most important things that President Clinton and Congressional Democrats have done over the last five years has been successfully fighting against these fiscally-irresponsible tax cut packages. If these GOP tax cut packages had not been stopped by President Clinton and Congressional Democrats, the budget would never have been balanced by FY 1998 and \$140 billion in public debt would never have been paid back over these last two years.

The 1993 Democratic Economic Plan Has Created Seven Years of Fiscal Improvement and Strong Economic Growth

1993 Democratic Economic Plan Eliminated the Deficit in Five Years, Resulting in Surpluses in FY 1998 and FY 1999

- **In 1992, budget deficit stood at \$290 billion.** In FY 1992, the budget deficit stood at a whopping \$290.4 billion. This large budget deficit represented 4.7% of GDP.
- **Without a single Republican vote, Democrats passed a five-year deficit reduction package in August 1993.** In August 1993, Democrats in Congress – without a single Republican vote – passed the Democratic five-year deficit reduction package (PL 103-66). This package contained deficit reduction provisions totaling \$496 billion over five years.
- **Five years later, the deficit was eliminated.** Then over the next four years, the federal deficit dropped steadily, falling from a high-point of \$290 billion in FY 1992 to \$22 billion in FY 1997 – with, in the fifth year, the deficit turning into a surplus -- a surplus of \$69 billion in FY 1998. In FY 1999, the surplus then grew to \$124 billion.
- **Back-to-back surpluses.** The surpluses in FY 1998 and FY 1999 are the first time since 1956-57 the nation has had back-to-back surpluses.
- **\$140 billion of public debt has now been paid back.** As a result of the back-to-back surpluses, the country has been able to begin paying back the public debt. Specifically, in FY 1998, debt held by the public was reduced by \$51 billion, followed by \$88 billion in debt reduction in FY 1999.

Experts Agree: 1993 Democratic Deficit Reduction Package Lowered Interest Rates and Spurred the Economic Recovery

As noted above, the Democratic economic plan of 1993 first cut the deficit from \$290 billion in FY 1992 to \$22 billion in FY 1997 – and then created a surplus in FY 1998. Experts – ranging from Alan Greenspan to Fortune magazine – agree that the deficit reduction from the 1993 Democratic Economic Plan led to a drop in long-term interest rates and a stronger economy. Here is what the experts have said.

- **Alan Greenspan, Federal Reserve Board Chairman:** “The deficit reduction [from the 1993 Democratic Economic Plan] was an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter.” (2/20/96) “There’s no question that the impact of bringing the deficit down [through the 1993 Democratic Economic Plan] set in place a series of events – a virtuous cycle, if I may put it that way – which has led us to where we are.” (3/4/98)
- **Fortune:** “[The 1993 Democratic] Economic Plan helped bring interest rates down, spurring the recovery.” (10/3/94)
- **Financial Times (London):** “[The] 1993 deficit reduction plan put the U.S. on course for its first budget surpluses in almost thirty years. This in turn allowed the lower interest rates that have fueled the expansion.” (5/13/99)

With Lower Interest Rates Caused by the 1993 Democratic Deficit Reduction Package, the Economy Has Boomed

As interest rates have come down, business investment has accelerated – leading to higher job growth and lower unemployment – and the economy has boomed:

- **Jobs Are Up.** The economy has created 20.4 million new jobs since January 1993, with 18.8 million in the private sector alone.
- **Unemployment Is Down.** In 1992, the national unemployment rate averaged 7.5%. In December 1999, the unemployment rate was 4.1% – the lowest level in nearly 30 years. The unemployment rate has been below 5% for 30 consecutive months.
- **Economic Growth Is Up.** From 1988 to 1992, the economy grew at a rate of 1.7% a year. Since 1993, the economy has grown at a rate of 3.8% a year.
- **Equipment and Software Investment Is Up.** Since 1993, real equipment and software investment has grown at a rate of 12.5% a year – faster than any other Administration on record.
- **Yet Inflation Is Virtually Non-Existent.** Despite healthy economic growth, inflation remains virtually non-existent, with the underlying core rate of inflation at 1.9% in 1999 – the lowest rate since 1965.

By Contrast, GOP Fiscally-Irresponsible Tax Cut Plans Would Have Increased Deficits and Undermined Economic Growth

1995 GOP Tax Cut Plan

As soon as they took power in 1995, Republicans spent the year devoting their energies to passing a massive, fiscally-irresponsible GOP tax cut package – with tax cuts targeted to the wealthiest households and to corporate special interests.

The tax cut package was the Republicans' top priority for 1995. Indeed, Speaker Gingrich called the tax cut package the “Crown Jewel” of the Contract with America. Hence, on April 5, the House GOP tax cut bill, cutting taxes by a total of \$353 billion over seven years, was passed by the House as part of the Contract with America.

In June, the 1995 GOP tax cut bill was then scaled back from tax cuts totaling \$353 billion over seven years to tax cuts totaling \$245 billion over seven years – because Senate Republicans wanted a somewhat smaller package. However, even this slightly smaller GOP tax cut package had **costs that exploded in the outyears**. Indeed, the GOP tax cut plan of 1995 would have cost more than double the initial cost of \$245 billion over the second seven years. Hence, the 1995 Republican tax cut bill would have abandoned the fiscal discipline that had been so successful at slashing the federal deficit from \$290 billion in FY 1992 down to \$164 billion in FY 1995.

Indeed, when President Clinton vetoed the Republican budget bill (which contained the \$245-billion GOP tax cut package) on December 6, 1995, he emphasized that the costs of the Republican tax cuts exploded in the outyears -- jeopardizing the nation's fiscal discipline: President Clinton stated:

“This bill creates new fiscal pressures. Revenue losses from the tax cuts grow rapidly after 2002 – with costs exploding for provisions that primarily benefit upper-income taxpayers. Taken together, the revenue losses for the three years after 2002 for the individual retirement account, capital gains, and estate tax provisions exceed the losses for the preceding six years.”

President Clinton's Veto Message on GOP Tax/Budget Bill, 12/6/95

Hence, one of the key reasons that President Clinton vetoed the GOP tax/budget bill in December 1995 was that the costs of the GOP tax cuts would explode over time and would undermine the fiscal discipline that the country had worked so hard to achieve.

1997 GOP Tax Cut Plan

At the beginning of the 1997 congressional session, key Republican Members wanted to push for fiscally-irresponsible tax cuts totaling at least \$180 billion over five years – a tax cut whose costs would have also grown quickly over time. Fortunately, President Clinton and Congressional Democrats got this 1997 tax cut package scaled back to \$95 billion over five years and got it better targeted to middle-income families.

1999 GOP Tax Cut Plan

Like they did in 1995, once again in 1999, Congressional Republicans spent the year pushing for a fiscally-irresponsible tax cut package – this time calling for cutting taxes by \$792 billion over a ten-year period. Like the 1995 GOP tax cut bill, the 1999 GOP tax cut bill was designed in such a way that **its costs exploded in the outyears**. Indeed, the Treasury Department estimated that the cost of the 1999 GOP tax cut bill in the second ten years would reach \$2.7 trillion – almost three times the cost during the first ten years!!

Republicans spent 1999 attempting to enact their enormous tax cuts in spite of the fact that experts from across the country argued that a large tax cut would undermine the country's fiscal discipline and endanger economic prosperity. For example, an expert as well-respected as Federal Reserve Chairman Alan Greenspan, throughout the year of 1999, made clear that he believed that debt reduction rather than tax cuts was the best course for the economy. In January 1999, in testifying before the Ways and Means Committee, in answer to a question from Rep. Doggett (D-TX), "Is your belief that we ought to build the surplus and reject the tax cut?", Chairman Greenspan responded:

"That is correct, Congressman. At this particular stage, with the economy doing as well as it is,...additional fiscal stimulus from the tax side [is something] we don't need... The advantages that I perceive that would accrue to this economy from a significant decline in the outstanding debt to the public and its virtuous cycle on the total budget process is a value which I think far exceeds anything else we could do with that money.... My first preference is to allow the surplus to run."

Seven months later, Chairman Greenspan had not changed his mind. In testimony before both the House and Senate Banking Committees in July 1999, Greenspan reiterated that he believed that the best course for the economy in the next several years would be to devote the surpluses to debt reduction first. Greenspan stated, "I would prefer to hold off on significant tax cuts."

Similarly, in vetoing the GOP tax cut bill in September 1999, President Clinton highlighted the fact that the bill would destroy the country's hard-won fiscal discipline:

"This legislation would reverse the fiscal discipline that has helped make the American economy the strongest it has been in generations. By using projected surpluses to provide a risky tax cut, H.R. 2488 could lead to higher interest rates, thereby undercutting any benefits for most Americans by increasing home mortgage payments, car loan payments, and credit card rates... If the tax cut were continued, its budgetary impact would grow even more severe, reaching about \$2.7 trillion between 2010 and 2019, just at the time when the baby boomers begin to retire, Medicare becomes insolvent, and Social Security comes under strain. If the bill were to become law, it would leave America permanently in debt."

SECTION VIII. IN ADDITION TO PURSUING ITS EXTREMIST AGENDA, GOP CONGRESS HAS ALSO DONE THE BIDDING OF SPECIAL INTERESTS

In working to retain their control of Congress, Republicans have followed a special-interest formula – at the expense of working families. For example, while ignoring ordinary Americans, the GOP has actively pursued the interests of such special-interest, big-money contributors as the following: pharmaceutical companies, which oppose prescription drugs for seniors; the HMO industry, which opposes managed care reform; gun rights groups, which oppose gun safety measures; the tobacco industry, which opposes anti-teen smoking legislation; and business groups, which oppose a minimum wage increase. Following is a brief overview of how the GOP leadership has blocked key initiatives supported by the public – in exchange for campaign contributions from their special-interest friends.

Doing Bidding of Special Interests, GOP Congress Has Blocked Prescription Drugs for Seniors

What Special Interests Have Given Republicans

- The pharmaceutical industry is a major campaign contributor to Republicans and Republican campaign committees. As the Center for Responsive Politics has reported, “Congressional Democrats ... have introduced proposals to extend prescription drug benefits to the elderly. Such proposals, however, have drawn the ire of Republicans and the pharmaceutical industry, which has launched a massive counterattack against efforts to expand benefits.” Indeed, according to the Center for Responsive Politics data, the members of “Citizens for Better Medicare” gave a total of \$5.2 million to GOP candidates and campaign committees in the 1997-98 election cycle – three-fourths of their total contributions. (“Citizens for Better Medicare” is a group of more than 30 drug manufacturers and trade associations representing the pharmaceutical industry.) In the first six months of 1999, this group from the pharmaceutical industry contributed a total of \$1.9 million to Republican candidates and party committees – 72% of their total contributions.

What Special Interests Have Gotten From Republicans

- Working closely with their friends in the pharmaceutical industry, the GOP leadership has worked hard in the 106th Congress to block President Clinton’s proposal for a Medicare prescription drug benefit, which was unveiled in June 1999. First, in criticizing the Clinton proposal, the GOP leaders parroted the misinformation being spread by drug companies – that the proposal meant the federal government picking people’s medicines. Secondly, the GOP Congress tried to enact a \$792 billion tax cut plan that used virtually the entire on-budget surplus for tax cuts over the next ten years -- leaving no room for a Medicare prescription drug benefit.

Doing Bidding of Special Interests, GOP Congress Has Blocked Managed Care Reform

What Special Interests Have Given Republicans

- The health insurance and HMO industries have been major campaign contributors to Republican candidates and Republican campaign committees. For example, the Health Benefits Coalition – a coalition that was created specifically to kill any meaningful form of managed care reform – contributed a total of \$6.8 million in the 1997-98 election cycle to Republican candidates and Republican campaign committees. The Health Benefits Coalition is a coalition of the HMO industry, the health insurance industry, and employer groups. Similarly, in the first six months of 1999, the Health Benefits Coalition contributed \$1 million in PAC contributions and \$700,000 in soft money to Republican candidates and party organizations.

What Special Interests Have Gotten From Republicans

- Throughout the 105th Congress, working closely with the HMO and health insurance industries, the House and Senate GOP leadership successfully worked to kill meaningful managed care reform. First, throughout 1997 and the first half of 1998, the GOP leadership simply blocked any consideration of a reform bill. Ultimately, due to mounting public pressure, House Republicans decided the best way to kill meaningful reform was to come forward with a sham, fig-leaf bill. In July 1998, House Republicans passed, by a vote of 216 to 210, their sham bill. Here is how the American Medical Association described this bill: [The Republican bill] clearly favors health plans and insurance companies at the expense of patients.” Over in the Senate, Senate Republicans spent the rest of 1998 simply blocking managed care reform from coming to the Senate Floor.
- Once again, in 1999, both the House and Senate GOP leadership promoted sham reform. On July 15, the Senate GOP leadership pushed through the Senate a sham managed care reform bill – which contained only watered-down protections for patients. The Senate-passed fig-leaf bill was so weak that GOP Congressman Charlie Norwood described it as “not worth the paper it’s written on.” Over on the House side, the GOP leadership was also promoting sham reform. However, this time 68 Republicans defied the GOP leadership and voted for a strong, enforceable bipartisan reform bill – a bill which every single top GOP House leader voted against.
- Now, the GOP leadership is working overtime to kill real managed care reform in the conference committee. First, they have stacked the conference committee against reform. Secondly, they have continually delayed action. And thirdly, they have stated their intentions to ensure that only a bill similar to the Senate-passed sham bill will emerge from conference. For example, as the *Washington Post* reported on October 8, “Senate Assistant Majority Leader Don Nickles (R-Okla.), who is likely to lead the Senate negotiators, said he would be ‘drawing a line’ against the broader reforms approved by a bipartisan majority in the House.”

Doing Bidding of Special Interests, GOP Congress Has Blocked Gun Safety Measures

What Special Interests Have Given Republicans

- Gun rights groups are major campaign contributors to Republican candidates and party committees. The National Rifle Association is the predominant donor of the gun rights lobby, accounting for nearly 90% of the lobby's giving over the last decade. In the 1997-98 election cycle, gun rights groups made \$2.2 million in soft money, PAC, and individual contributions, with 86% of the money favoring Republicans. In the first half of 1999, gun rights groups – primarily the NRA – contributed more than \$500,000 to Republican candidates and parties (\$223,747 PAC contributions; \$309,000 soft money). This represented 92% of their contributions.

What Special Interests Have Gotten From Republicans

- After the stinging defeat of the gun rights lobby on the Senate Floor, on May 20, 1999, when the Senate passed modest, bipartisan gun safety measures, the NRA needed time to regroup and stop the momentum for gun safety that had been created by the April 20th tragic massacre at Columbine High School. Hence, at the request of the NRA, the House GOP leadership agreed to delay any votes on the Senate-passed gun safety provisions until after the Memorial Day Recess -- in order to weaken the momentum that had developed behind the Senate-passed provisions.
- Then, House GOP leaders spent the month maneuvering with the NRA to weaken gun laws. Here is how a *Washington Post* editorial described what went on that month: "The sorry gun show began with the traditional GOP-NRA axis in high gear...While the Speaker squirmed, his top lieutenants, Majority Leader Dick Armey and Majority Whip Tom DeLay, began rallying the let-the-weapons-flow Members. Their NRA-issue package would continue to allow uncontrolled sales of guns by the bagful." (6/14/99) Through all of their maneuvering, the GOP/NRA axis ultimately ensured that an NRA-backed bill which actually weakened gun laws was brought up in the House. Thankfully, it was defeated. Majority Whip DeLay bragged in June: "I spent most of the time [successfully] trying to kill gun control." (*New York Times*, 6/21/99)
- The House and Senate GOP leadership are now working to use the House-Senate juvenile justice conference committee to kill the Senate-passed gun safety measures. Even though the six-month anniversary of the Columbine tragedy came and went, Republicans spent the last half of 1999 refusing to hold a single substantive meeting of the conference committee to discuss gun safety measures. Indeed, it now appears that the NRA's strategy will have succeeded perfectly – with key members of the GOP leadership predicting that the final juvenile justice bill will contain no gun provisions whatsoever. In fact, when rumor of new watered-down gun safety language emerged in October, Majority Whip DeLay expressed skepticism of any real compromise on the gun provisions, stating, "This House is a pro-gun House." (*Roll Call*, 10/11/99)

Doing Bidding of Special Interests, GOP Congress Has Blocked Anti-Teen Smoking Legislation

What Special Interests Have Given Republicans

- Big Tobacco targets its campaign contributions to Republican candidates and party committees. In the 1995-1996 election cycle, the tobacco industry gave Republicans \$8.4 million – of which \$5.8 million was in soft money contributions, \$2.1 million was in PAC contributions, and \$493,000 was in individual contributions to candidates and party committees. This represented 82% of the industry's contributions. In the 1997-98 election cycle, the tobacco industry gave Republicans \$6.4 million – of which \$4.5 million was in soft money contributions, \$1.7 million was in PAC contributions, and \$241,000 million was in individual contributions to candidates and party committees. This represented 80% of their contributions.

What Special Interests Have Gotten From Republicans

- In his 1998 State of the Union Address, President Clinton challenged the GOP Congress to enact anti-teen smoking legislation that year: "Tomorrow, like every day, 3000 children will start smoking. 1000 of them will die early as a result. Let this Congress be remembered as the Congress that saved their lives."
- The key reason that anti-teen smoking legislation never was passed in 1998 was the opposition of the House and Senate GOP leadership. Indeed, Speaker Gingrich even became a proud advocate for Big Tobacco. For example, speaking at a campaign fundraiser for Rep. Jon Fox (R-PA), on April 21, Speaker Gingrich stated "teen smoking ... has nothing to do with Joe Camel." (Reuters News Service, 4/21/98) In making this statement, Gingrich was repeating the line of Big Tobacco. Too bad Speaker Gingrich was paying attention to his special-interest allies instead of research such as that published in the Journal of the American Medical Association that has shown the enormous impact Joe Camel advertising has had on teenage smoking! Furthermore, despite many promises to do so, Speaker Gingrich's Task Force on Tobacco, chaired by Rep. Deborah Pryce (R-OH), never got around to developing a House Republican version of teen smoking legislation.
- Over in the Senate, on June 17, 1998, Senate Republicans killed the McCain bill, which would have resulted in drastically reducing teenage smoking, on a pair of procedural votes. Here is how the New York Times editorial (6/18/98) responded to this Senate GOP action: "By killing tobacco control legislation that would have helped curb teen-age smoking, the Republicans in the Senate have shown that they simply cannot wean themselves from tobacco money."
- Ultimately, the burying of anti-teen smoking legislation by Speaker Gingrich's Task Force in the House and the stunning defeat of the anti-teen smoking bill in June 1998 in the Senate has resulted in the outcome so desired by Big Tobacco – that is, no legislation to address the epidemic of teen smoking.

Doing Bidding of Special Interests, GOP Congress Has Blocked Minimum Wage Increase

What Special Interests Have Given Republicans

- The National Federation of Business (NFIB) and a variety of related special-interest groups lobbying against a real minimum wage increase have poured millions into Republican campaign coffers. Specifically, the NFIB and four more active groups (National Restaurant Association, National Retail Federation, Chamber of Commerce, and National Association of Convenience Stores) contributed a total of \$2.6 million to Republican candidates and party committees in the 1997-1998 election cycle (\$2.3 million in PAC contributions; \$294,000 in soft money). In just the first six months of 1999, these groups then showered GOP candidates and party committees with more than \$650,000 (\$392,000 in PAC contributions; \$294,000 in soft money).

What Special Interests Have Gotten From Republicans

- At the beginning of the 104th Congress, Congressional Democrats introduced a bill to increase the minimum wage from \$4.25 per hour (in effect since April 1991) to \$5.15 per hour over two years. And yet, working with their special-interest allies, the GOP Leadership spent all of 1995 and the early months of 1996 blocking any minimum wage increase. Indeed, on April 24, 1996, Speaker Gingrich vowed that there would be no minimum wage increase in 1996. Ultimately, however, through the pressure of Democrats and a small group of GOP moderates, the GOP leadership had to back down and allow a minimum wage increase to be enacted into law in August. Speaker Gingrich conceded his defeat on September 28, when he stated: "I would say to my friends, the Democratic Party, you won a great victory."
- Once again, at the beginning of the 106th Congress, Congressional Democrats introduced a bill to increase the minimum wage by a dollar per hour over two years. Once again, Republicans spent the first ten months of 1999 blocking any consideration of a minimum wage increase. Then, trying to give themselves some cover on the minimum wage issue, suddenly in the last days of the 1999 session, both Senate and House Republicans began putting forward minimum wage counterproposals of their own. However, Republicans were just politically posturing – pushing bills that they knew President Clinton would veto.
- Specifically, both House and Senate Republicans are using minimum wage bills as cynical vehicles to push special-interest tax breaks opposed by the Administration. For example, on November 9, Senate Republicans passed a minimum wage bill with \$18 billion in special-interest tax breaks. These \$18 billion in GOP tax breaks were not targeted on the small businesses impacted by the minimum wage but instead showered tax benefits on special-interest friends of the GOP. Similarly, Republicans in the House put forward a minimum wage counterproposal with \$30 billion in special-interest tax breaks. However, due to lack of votes, the GOP leadership failed to bring their minimum wage bill to the Floor before the 1999 legislative session ended.

Doing Bidding of Special Interests, GOP Congress Has Blocked Campaign Finance Reform

What Special Interests Have Given Republicans

- Republicans are dependent on massive contributions from their wealthy friends and special interest allies. In the 1997-1998 election cycle, the Republican party collected \$425 million in campaign contributions – whereas the Democratic party collected \$260 million. In other words, the Republican party collected 63% more than Democrats. Similarly, so far in the 1999-2000 election cycle, the Republican party has collected \$97 million in campaign contributions – whereas the Democratic Party has collected \$64 million. In other words, the Republican Party has collected 52% more than the Democrats so far this year.

What Special Interests Have Gotten From Republicans

- Allied with their wealthy friends and special interest allies, the House and Senate GOP leadership have been determined to ensure that meaningful campaign finance reform -- which would turn off the spigot of special-interest money into GOP coffers -- is never enacted. Perhaps Sen. Mitch McConnell (R-KY) said it best when he said: "Take away 'soft money' and we wouldn't be in the majority in the House and the majority in the Senate and couldn't win back the White House. Hell's going to freeze over first before we get rid of soft money." In both 1998 and 1999, despite the fierce, determined opposition of the House GOP leadership, House Democrats were successful in working with moderate Republicans to pass meaningful, bipartisan campaign finance reform. However, the House GOP leadership didn't have to worry – because in both 1998 and 1999, the Senate GOP leadership was successful in engineering filibusters that killed meaningful, bipartisan reform.
- Specifically, in 1998, the GOP Senate filibuster was successful on September 10. On that day, Sens. McCain and Feingold fell eight votes short of cutting off the filibuster on the McCain-Feingold campaign finance reform bill by a vote of 52 to 48. This bill had already successfully passed the House -- despite active opposition from the entire House GOP leadership and the vast majority of House Republicans – by a vote of 252 to 179 on August 6.
- Similarly, in 1999, the GOP Senate filibuster succeeded on October 19. On October 19, an effort to invoke cloture (and thereby shut off the Republican-led filibuster) on meaningful bipartisan campaign finance reform failed to get the required 60 votes once again – with the Senate GOP leadership working hard to ensure that the effort to invoke cloture would fail. On the key vote, all 45 Democrats and 7 moderate Republicans voted to invoke cloture, which would have allowed Shays-Meehan to be debated and voted upon. Upon conclusion of the vote on cloture, Senate Majority Leader Trent Lott declared campaign finance reform "dead for the year." (New York Times, 10/20/99)

SECTION IX. IN SHARP CONTRAST, DEMOCRATS ARE PURSUING AN AGENDA FOR WORKING FAMILIES

As this Special Report has shown, the Republican-controlled Congress has spent the last five years:

- Pursuing an extremist agenda that has been so out-of-touch with ordinary Americans that it has been successfully beaten back by the Clinton Administration and Congressional Democrats; and
- At the same time, at the bidding of special interests, blocking the working-families agenda being promoted by the Clinton Administration and Congressional Democrats.

Time after time, Republicans have refused to compromise on key issues – thereby failing to achieve major accomplishments for average Americans.

In sharp contrast to the Republican five-year record, Democrats have been working hard to attempt to promote the interests of ordinary working families.

Once again, in the year 2000, the Clinton Administration and Congressional Democrats will be fighting to enact an agenda that addresses the key concerns of working families. Following is a brief overview of some of the key items in the Democratic agenda for the year 2000.

Prescription Drugs for Seniors

In the year 2000, DEMOCRATS will continue to fight for legislation to help seniors obtain the prescription drugs they need – which is an absolute necessity for millions of seniors who currently have to choose between food and medicine.

- **Universal Prescription Drug Benefit under Medicare:** A prescription drug benefit would be available to all Medicare beneficiaries, who would be free to decide whether the benefit is a good deal for them, as the benefit is purely voluntary.
- **Coverage:** The benefit would cover 50% of the first \$2,000 in drug costs in 2002, rising to 50% of the first \$5,000 by 2008.
- **Monthly Premiums:** Premiums would start at \$24 a month in 2002, rising to \$44 a month by 2008.
- **Assistance for Low-Income Seniors:** Some low-income seniors would have their premiums and co-pays fully subsidized and others would have them partially subsidized.

Strengthening Social Security and Medicare/Eliminating Publicly-Held Debt

In the year 2000, DEMOCRATS will continue to fight for legislation that would strengthen both Social Security and Medicare and eliminate publicly-held debt.

- **Create Social Security Lock Box/Eliminate Publicly-Held Debt:** This Democratic proposal creates a Social Security lock box, which ensures that each year the entire Social Security surplus is locked away for debt reduction. Under this Democratic proposal, publicly-held debt would be eliminated by the year 2013.
- **Extend The Solvency of Social Security:** After a decade of debt reduction from the Social Security lock box, the Democratic proposal also provides for the transfer of the interest savings resulting from that debt reduction to extend the solvency of Social Security. The transfer of these interest savings would result in extending the solvency of the Social Security Trust Fund until 2050.
- **Strengthen Medicare:** This Democratic proposal would also reserve about \$400 billion of the on-budget (non-Social Security) surplus over the next ten years in order to strengthen the Medicare Trust Fund.

Managed Care Reform

In the year 2000, DEMOCRATS will continue to fight for real managed care reform. Working with moderate Republican Members, Democrats will work to pass in the year 2000 a strong, bipartisan bill (such as the Norwood-Dingell bill) that will include the following key principles:

- **Coverage:** Coverage of all 161 million privately-insured Americans;
- **Medical Decisions:** Ensure that medical decisions are made by doctors, and not by insurance company bureaucrats;
- **Access to Specialists:** Guarantee access to needed health care specialists at no additional cost whenever the plan's providers cannot meet the needs of a patient;
- **Appeals to External Reviewers:** Allow patients to appeal denials or limitations of care to an external, independent reviewer who makes an independent judgment about the patients' medical needs and the appropriateness of any proposed treatment; and
- **Legal Accountability:** Hold managed care plans legally accountable when their decisions to withhold or limit care result in injury or death.

Minimum Wage Legislation

In the year 2000, DEMOCRATS will continue to fight for sensible minimum wage legislation – legislation that provides a fair increase in the minimum wage and that provides tax relief that is targeted on the small businesses that are impacted by a minimum wage increase.

- **A Fair Increase in the Minimum Wage:** Democrats will continue to fight for a fair increase in the minimum wage. The Democratic proposal of raising the minimum wage by one dollar over two years is simply designed to restore some of the purchasing power of the minimum wage that it has lost over the last several years. Specifically, the Democratic proposal would simply restore the purchasing power of the minimum wage after inflation to its level in 1982.
- **Targeting Tax Relief to Small Businesses:** Secondly, Democrats are pushing a minimum wage bill that would provide tax relief that is targeted to help small businesses offset the potential increase in costs associated with the higher minimum wage and is not targeted to wealthy special interests.

Campaign Finance Reform

In the year 2000, DEMOCRATS will continue to fight for enactment of real campaign finance reform. Specifically, Democrats will fight for enactment of bipartisan campaign finance reform legislation (the “Shays-Meehan” bill) that would:

- **Soft Money:** Ban “soft money” (i.e., the unlimited contributions from wealthy individuals and corporations to political parties); and
- **Issue Ads:** Stop the practice of special interest groups funding political attack ads with secret, unlimited contributions.

Education

In the year 2000, DEMOCRATS will continue to fight for a multi-pronged education agenda to improve the nation’s public schools.

- **School Modernization Tax Credit Bond Initiative:** Democrats will fight for enactment of a school modernization tax credit bond initiative – costing \$3.7 billion over two years – that would help local school districts across the country construct and modernize more than 6,000 schools. Indeed, on August 4, 1999, Democrats filed a discharge petition to bring this initiative to the House Floor.
- **Emergency School Renovation Loan and Grant Initiative:** Democrats will also fight for enactment of a \$1.3 billion emergency school renovation loan and grant initiative that would provide interest-free loans and grants to high-poverty, high-need school districts to fund urgent renovations.

- **Full Funding for Seven-Year Class Size Reduction Initiative:** Democrats will also continue to fight for full funding for the class size reduction initiative over a full seven-year period, which would provide for hiring 100,000 well-prepared teachers, in order to bring the average class size in the early grades down to 18 students per classroom.

Environmental Protection

Finally, in the year 2000, DEMOCRATS will continue to have a pro-environment agenda. Items in the Democratic agenda to promote environmental protection include:

- **The Lands Legacy Initiative:** In 1999, Democrats were able to win \$652 million for the first year of the Lands Legacy Initiative. This year, Democrats will fight for additional funding for this initiative – which funds enhanced federal protection of national treasures and historic lands across the country, helps states and local communities protect farmland, forests, urban parks and other local green spaces, and provides strengthened efforts to protect our oceans and coasts.
- **The Livability Initiative:** Democrats will again push for enactment of the Livability Initiative, which would provide local communities with new tools and resources to preserve green space, ease traffic congestion, and pursue regional “smart growth” strategies. One key element of this initiative would be “Better America Bonds” for state and local governments, which could be used for such purposes as creating new urban parks, better protecting water quality, and cleaning up brownfields.